

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
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E.O. 11652: N/A
TAGS: ECON, EFIN, JA
SUBJECT: GOJ PLANS EMERGENCY IMPORT PROGRAM

1. SUMMARY: GOJ PLANS EMERGENCY IMPORT PROGRAM IN FACE OF RISING YEN APPRECIATION AND FEARS THAT IT MIGHT POSE A THREAT TO PLANNED 7 PERCENT ECONOMIC GROWTH TARGET. EMERGENCY PROGRAMS CONTEMPLATED INCLUDE EXPANDED LOANS FOR IMPORTERS, LOWERING OF OFFICIAL DISCOUNT RATES, AND TIGHTENING FOREIGN EXCHANGE CONTROLS. END SUMMARY.

2. PRIME MINISTER FUKUDA, WORRIED ABOUT THE NEW WAVE OF YEN BUYING WHICH SENT IT TO A NEW POSTWAR HIGH MAR. 9, HAS DIRECTED CABINET MEMBERS CHARGED WITH ECONOMIC AFFAIRS TO MEET AS SOON AS POSSIBLE TO DISCUSS WAYS TO PROMOTE IMPORTS AND REDUCE JAPAN'S CURRENT ACCOUNT SURPLUS. ACCOUNTS REPEATEDLY STRESS GOJ FEARS THAT THE APPRECIATION OF THE YEN IS THREATENING ACHIEVEMENT OF THE ECONOMIC GROWTH TARGET OF 7 PERCENT FOR JFY 1978.

3. PLANS CENTER AROUND PROGRAM OF EMERGENCY IMPORTS AND CITE IKEDA IMPORT PROMOTION MISSION NOW IN U.S., CRUDE OIL STOCKPILING AND AIRCRAFT PURCHASES ALSO CONTEMPLATED.

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4. THE PRESS ALSO REPORTED THAT MITI VICE MINISTER WADA SAID THE GOJ PLANS TO EXPAND "EMERGENCY LENDING" PROGRAMS FINANCED FROM JAPAN'S FOREIGN EXCHANGE RESERVES SO THAT IMPORTERS CAN OBTAIN MORE LOANS THROUGH THE EXPORT-IMPORT BANK OF JAPAN. REPORTS NOTED THAT THE FINANCE MINISTRY AND BANK OF JAPAN ARE CONSIDERING

LOWERING THE OFFICIAL DISCOUNT RATE SOON AND TIGHTENING FOREIGN EXCHANGE CONTROLS TO CURB THE INFLOW OF SHORT TERM CAPITAL.

5. THE ATTENTION BEING GIVEN TO SUBJECT IS DEMONSTRATED BY THE HEADLINES OF ALL PRINCIPAL MARCH 10 NEWSPAPERS, WHICH READ AS FOLLOWS:

A. ASAHI: "MEASURES FOR REDUCTION OF SURPLUS BALANCE TO BE FURTHER INCREASED TO COPE WITH HIGH YEN; EMERGENCY IMPORTS AMOUNTING TO ABOUT \$5 BILLION; MINISTERIAL CONFERENCE TO BE HELD AS EARLY AS END OF THIS WEEK"

B. NIHON KEIZAI: "GOVERNMENT TO SPEED UP NEW EMERGENCY-IMPORT MEASURES; MINISTERIAL CONFERENCE TO BE HELD WITHIN THE WEEK; HEADING TOWARD EASING FOREIGN-CURRENCY-BASIS LOAN RESTRICTIONS; CRUDE-OIL STOCKPILES ON TANKERS TO BE INCREASED FURTHER"

C. TOKYO SHIMBUN: "MEASURES TO COPE WITH HIGH YEN TO BE DECIDED AS EARLY AS TOMORROW; REDUCTION OF SURPLUS BALANCE TO BE PROMOTED; FOREIGN EXCHANGE CONTROLS TO BE STRENGTHENED; INFLOW OF SHORT-TERM FUNDS ALSO TO BE RESTRICTED; MINISTERIAL CONFERENCE TO BE HELD"

D. SANKEI: "THERE ARE NO EFFECTIVE HIGH-YEN MEASURES AVAILABLE; GOVERNMENT RACKING BRAINS; EFFECTS ON UNCLASSIFIED

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BUSINESS SERIOUS; U.S. CANNOT BE CRITICIZED FOR DECLINE IN DOLLAR RATE UNLESS JAPAN'S SURPLUS BALANCE DECREASES; STRENGTHENING OF FOREIGN EXCHANGE CONTROLS WILL ALSO HAVE ONLY TEMPORARY EFFECTS." SHERMAN

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Message Attributes

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